

6. THE CHANGING ATTRACTIVENESS OF EUROPEAN HIGHER EDUCATION: CURRENT DEVELOPMENTS, FUTURE CHALLENGES, AND MAJOR POLICY ISSUES

INTRODUCTION: THE GROWING COMPLEXITY OF THE ACADEMIC ENTERPRISE

The strength (and attractiveness) of higher education in Europe is a research topic which seems to be most usefully discussed with reference to other dimensions of higher education. These include high-quality teaching; cutting-edge research; the future of the combination of the two academic missions in increasingly differentiated systems; adequate and more diversified (both public and private) funding under pervasive fiscal pressures in most European economies; more differentiated institutions and consequently a substantially more stratified academic profession. It is difficult to define either the strength or the attractiveness of European higher education as both are relative and elusive terms: to be strong and to be attractive means different things in different contexts (local, national, European), at different (micro-, meso-, and macro-) levels and for different constituencies (or stakeholders). On top of that, we are discussing multiple future social and economic developments and their possible, relatively uncoordinated, if not chaotic, impacts on higher education systems. The paper will focus on the different – and often conflicting – senses of the attractiveness of European systems and institutions to students, academics, the labor market, and the economy. Universities need to be attractive to increasingly differentiated student populations (and to cater for their increasingly different needs) but they also need to be attractive workplaces and provide attractive career opportunities for academics. In the face of ongoing restructuring of the public sector in general in many parts of Europe (see e.g. Gilbert 2004, Taylor-Gooby 2004, Iversen 2005, Kwiek 2007a, Kwiek 2007b), universities also need to keep the respect for traditional academic values, and in the face of the competition with other parts of the world, they still need to be open to such values in their teaching and research. Their attractive curricula need to match transformations in the labor market and in the economy in general. Finally, to be attractive, European higher education needs to be distinctive from higher education in other parts of the globe (Zgaga 2007: ix). Both public and private institutions are under multi-faceted pressures to change today, with various intensities in various parts of Europe. These institutions include governmental agencies, institutions of the corporate world, institutions of civil society, and the

core institutions of the public sector. In general terms, we are experiencing the shattering of a stable world governed by modern institutional traditions, and in this context universities are increasingly expected to adapt to the changing social and economic realities (see Scott 1999, EC 2003b, OECD 2007a). In a European context, in light of a sustainable future of higher education systems, the following ideas are highly relevant: the introduction or increase of tuition fees and student loans (cost-sharing as an access, equity, social stratification, mobility, and status issue, see Johnstone 2006); academic entrepreneurship and “academic capitalism” as ways to diversify institutions’ funding basis (see Shattock 2005, Shattock and Temple 2006, Clark 1998, Williams 2003, Kwiek 2008b); the ongoing reformulations of the European welfare state and the European social model (privatization of some public services, especially in new EU member countries, see Deem 2007, Kwiek 2007a); and finally the revised EU social agenda and new supranational visions of higher education (see EC 2005a on the “Social Agenda” or a report on “The Future of Social Policy”, and numerous recent World Bank and OECD publications on tertiary education). Educational strategies for 2010–2020 will need to take into account the complex nature of the academic enterprise today and the powerful role of traditions of the modern European university which may be acting both as inhibitors to changes and as their activators.

MORE MARKET MECHANISMS AND NEW INCOME-GENERATING PATTERNS

Which developments with direct impact on the attractiveness of European higher education systems can be expected? Firstly, with the growing relevance of the market perspective and increasing financial austerity for all public services (accompanied by growing competition in public expenditures), strengthened by globalization and internationalization processes, European higher education institutions in 2010–2020 are expected to be responding to changing financial settings basically by revenue-side solutions: seeking new sources of income, largely non-state, non-core, and non-traditional to most systems. They may include various forms of academic entrepreneurialism in research (consulting, contracts with the industry, research-based short-term courses, etc.) and various forms and levels of cost-sharing in teaching (tuition fees), depending on the academic traditions in which the systems are embedded (and the relative scale of underfunding). Attractive institutions and systems will be prepared to use these revenue-side solutions, apart from using some painful cost-side solutions (well-known especially in transition countries).

Attractive European higher education systems will be able to find a fair balance between the impacts of general trends of globalization and internationalization and the impacts of regional (European and national) responses to make sure that academia still retains at least major characteristics of postwar higher education systems and retains its traditional attractiveness as a workplace and an opportunity for a professional academic career (so far, as Enders and De Weert confirm in their comparative study of the academic profession in Europe, European systems in general offer “low financial rewards” and “uncertain future prospects for university employment”, Enders and De Weert 2004: 22). Globalization brings about direct

competition between business and non-business models of organizations, and in the case of public institutions the competition between more traditional collegial types of university management and governance and new business types of management and governance, known so far in Europe mostly from private higher education institutions, can be expected (Kwiek 2008a, 2008b). In the times of the imminent reformulation of current welfare state systems in most parts of Europe (as Pierson stressed, “while reform agendas vary quite substantially across regime types, all of them place a priority on cost containment. This shared emphasis reflects the onset of permanent austerity ... the control of public expenditure is a central, if not dominant consideration”, Pierson 2001: 456), attractive institutions and systems in 2020 will be able to balance the negative financial impact of the gradual restructuring of the most generous types of welfare state regimes in Europe on public funding for higher education. Higher education in general, as opposed to healthcare and pensions sectors, and top research-intensive universities in particular, are perceived by European societies as being able to generate their own additional income through e.g. entrepreneurship or cost-sharing (where fees are legally possible). Ironically, the more successful public entrepreneurial universities are today, the bigger the chances are this becoming an unavoidable expectation in the future. Along with the efforts to introduce market mechanisms in pension systems (multi-pillar schemes instead of pay-as-you-go ones) and healthcare systems (privatized systems based on additional, private, individual insurance policies), especially but not exclusively in European transition economies, the most far-reaching consequences of this marketization/privatization trend can be expected for public funding for higher education and research. As William Zumeta stressed recently, “unlike most of the other state budget components, higher education has other substantial sources of funds that policy-makers feel can be tapped if institutions need to cope with deep budget cuts” (Zumeta 2005: 85).

Another expected development is the promotion across Europe – as a mostly new and reasonable policy solution to the current problem of underfunding of European universities – of a more substantial inflow of both private research funds from the business sector and of more private teaching funds from student fees. The EC is becoming much more positive towards student fees (it stressed recently that “it has been shown that free higher education does not by itself suffice to guarantee equal access and maximum enrolments” and invited member states to consider whether “their current funding model ... effectively guarantees fair access for all qualified students to the maximum of their capacities”, EC 2005c: 8, 10). Trends in European demographics – whose social consequences from a larger comparative perspective are shown periodically by such popular datasets as *Pensions at a Glance* (OECD 2007b) or *Health at a Glance* (OECD 2007c) – will be affecting directly the functioning of the welfare state in general, but only indirectly, through the growing pressures on all public expenditures in general will it be affecting universities. Strong higher education institutions will be able to steer the changes in funding patterns for higher education in their countries rather than to merely drift with them. The impact of public sector reforms on the attractiveness of academia to new generations of academics is another expected development and it seems especially negative in Anglo-Saxon countries and in transition countries (see Deem

2006: 292 and Deem and Brehony 2005, see also a report on the UK academic staff by Oliver Fulton in Enders 2000 or Kwiek 2003 on Poland). The overall policy call of the EC that Europe needs to “respond to new social realities” – caused by globalization and demographics – through “a new approach to the social agenda with implication for both national and European levels” (EC 2007a: 4) may have indirect impacts, translated into different national contexts, on public higher education as well.

The possible redefinition of higher education from a public (and collective) good to a private (and individual) good is a tendency which may further undermine the idea of heavy public subsidization of higher education (see Calhoun 2006, Marginson 2006). In a stakeholder society, the fundamental relationship between higher education institutions and their stakeholders is always “conditional” – which introduces an element of “inherent instability”, Neave 2002: 22). The economic rationale for higher education is changing: as Philip Altbach stresses, “the private good argument largely dominates the current debate” and it results from a combination of economics, ideology, and philosophy (Altbach 2007: xx). The possible gradual redefinition of higher education as a private good is parallel to two other processes visible in Europe: the reconsideration of the role of tuition fees as a smaller scale process (e.g. in transition countries) and, more generally, the reconsideration of funding of public services in general as a way to tackle the financial austerity of European welfare state regimes, as a large-scale process.

There is a clear paradox: higher education is seen as more important than ever before in terms of the competitiveness between nations, but although the importance of “knowledge” in our societies is greater than ever, at the same time, along with the pressures to reform current welfare state systems, the capacity of national governments to finance higher education and R&D is considerably weaker than in previous decades. Knowledge is increasingly produced by other sectors than higher education, and increasingly funded by the business sector, though – see the role of private R&D in OECD economies (OECD 2006: 67–73, OECD 2007a: 30–40, and Eurostat 2007). In the OECD area, R&D performed by the business sector has increased steadily over the past two decades and in 2005, R&D performed by the business sector reached 68% of total R&D. The tension between the general attitude of governments and populations (education perceived as perhaps the primary asset of the individual) on the one hand and the inability or unwillingness of the very same governments to increase current levels of public funding for higher education and research in public universities – is stronger than ever before. As the EC put it recently elegantly but firmly, “to attract more funding, universities first need to convince stakeholders – governments, companies, households – that existing resources are efficiently used and fresh ones would produce added value for them. Higher funding cannot be justified without profound change: providing for such change is the main justification and prime purpose for fresh investment”, EC 2005c: 8). Consequently, incentives for transformations in functioning of higher education may come through new funding arrangements (referred to by the EC as new “contracts” between universities and societies).

In the last half century, despite an immense growth in enrollments, public higher education in Europe remained relatively stable from a qualitative point of view and

its fundamental structure remained unchanged. But, as Malcolm Skilbeck put it, things got substantially changed: “the University is no longer a quiet place to teach and do scholarly work at a measured pace and contemplate the universe as in centuries past. It is a big, complex, demanding, competitive business requiring large-scale ongoing investment” (Skilbeck, quoted in OECD 2004: 3). The forces of change worldwide are similar (see Johnstone 2008) and they are pushing higher education systems into more market-oriented and more competitive arenas (and towards more state regulation combined with less state funding) – which is another expected development. For centuries, “the market” had no major influence on higher education: the majority of modern universities in Europe were created by the state and were subsidized by the state (see Rüegg 2004, de Ridder-Symoens, 1994). Over the last 200 years, most students in Europe attended public institutions and most faculty members worked in public institutions (within all major models of the university in Europe which served as “templates” for other parts of the world, be it the Napoleonic, the Humboldtian, or the British models). Today market forces in higher education are on the rise worldwide: while the form and pace of this transformation are different across the world, this change is of a global nature and is expected to have an impact on higher education systems in Europe. Market forces formulate the behavior of the new providers and, more importantly, increasingly reformulate the missions of existing traditional public higher education institutions. It is still unclear how the competition between public and private institutions in various parts of Europe (especially in CEE, though) will influence the core mission of public higher education generally.

NEW STAKEHOLDERS AND THE CHANGING TEACHING/RESEARCH NEXUS: TOWARDS STUDENT-CENTERED UNIVERSITIES?

Within the European Higher Education Area in 2010–2020, the role of new (and previously significantly less important) stakeholders will be growing, both in discussions at national levels and at the level of the European Commission. Universities under conditions of massification will be increasingly expected to be meeting not only the changing needs of the state but also changing needs of students, employers, labor market and the industry, as well as regions (see Arbo and Benneworth 2006, Goddard 2000, OECD 2005) in which they are located. The expected developments in 2010–2020 may fundamentally alter relationships between stakeholders, with the decreasing role of the state (especially in funding), the increasing role of students and the labor market for the more teaching-oriented sector, and the increasing role of the industry and the regions for the more research-oriented sector.

On a more general plane, massification of higher education is tied with the growing significance of those new stakeholders (as Guy Neave put it regarding the developments in Continental Europe, “the rediscovery of ‘stakeholders’ as a dimension in higher education policy is intimately tied with the rise of the mass university”, Neave 2002: 17). At the same time, in order to flourish, which means to be both attractive and competitive, universities also need to continue to meet (either traditional or redefined) needs of academics. Increasingly differentiated

student needs – resulting from differentiated student populations in massified systems – already lead to largely differentiated systems of institutions (and, in a parallel manner, a largely differentiated academic profession). The expected differentiation-related (or stratification-related) developments may fundamentally alter the academic profession in general, increase its heterogeneity, and have a strong impact on the traditional relationships between teaching and research at European universities.

The traditional Humboldtian model of the university was combining research and teaching, and was basically faculty-centered (see Fallon 1980, Röhrs 1995, Readings 1996, Kwiek 2006a: 81–138, 2006b). An Anglo-Saxon model deriving from, among others, Cardinal Newman, was largely teaching-oriented and student-centered (see Pelikan 1992, Rothblatt 1997, Rüegg 2004). These two competing 19th century ideas on what universities should be doing continue well into the 21st century. The questions of how to combine teaching and research as university missions, in which types of institutions they should be combined, and based on which funding streams for which (non-)priority research areas (e.g. public/private) will become crucial in 2010–2020. Are strong and attractive universities in 2020 going to be closer to the American (Anglo-Saxon) university model which has traditionally been much more student-oriented than continental university models in Europe? Most probably, the answer is in the positive. For the time being, most non-elite institutions in Europe are already teaching-oriented while universities are still able to combine teaching and research. Formulations about the need for systemic changes regarding teaching at universities figure prominently in the 2007 London Communiqué (which assumes “a move towards student-centered higher education and away from teacher driven provision”, 2007: 2). Transformations of European higher education until 2020 may look like a paradigm shift to traditional universities, both those embedded in the German Humboldtian tradition and those embedded in French Napoleonic tradition, and perhaps especially to institutions in new EU member countries in Central Europe which are still mostly elitist, conservative, and faculty-oriented. University missions are already being strongly redefined, and their redefinition, for instance, along the lines suggested above, may require a fundamental reconstruction of roles of educational institutions (as well as a reconstruction of tasks of academics). The main characteristics of current European systems may be strongly redefined. Implications of Bologna at both European, national, institutional, and individual (academics’) levels seem still not fully realized. The conclusions Bruce Johnstone and Pamela Marcucci reach in this context confirm the general trend discussed here:

“The public and governments alike tend to think of universities and colleges as places for *instruction*. The important *research* missions of those institutions that are properly labeled universities may thus drop to an even lower priority or become otherwise distorted by the rising student-faculty ratios and the need to spend more time teaching or searching for entrepreneurial revenue or both Research may fall to only a few universities, or fall mainly to the universities and research institutes in the advanced countries ... or may fall mainly to business and private investment” (Johnstone and Marcucci 2007: 3).

The social, political, cultural, and economic world is changing, and so are changing student populations and educational institutions. Higher education is subject to powerful influences from all sides and all – new and old alike – stakeholders: the state, the students, the faculty, employers, and industry, and on top of that, it is becoming a very costly business (as Burton Clark put it, “more income is always needed: universities are expensive and good universities are very expensive”, Clark 1998: 26). The expected development is that stakeholders may increasingly have different needs from those they traditionally had, and their voice is already increasingly taken into account (as in the case of students who are living in the highly competitive, postnational, and postmodern world and who, in general, are expecting a more vocational orientation in their education, as opposed to e.g. the orientation towards traditional *Bildung*, or the cultivation of the life of the mind, see Kwiek 2006a: 139–228, Neave 2000, Readings 1996, Delanty 2001). Institutions are expected to transform themselves to maintain public trust (and use public subsidies). As Neave described it, the passage to the “Stakeholder Society” involves a redefinition of the “community in terms of those interests to which the university should be answerable” (Neave 2002: 12). Also the role of the market in higher education (or of government-regulated “quasi-markets”, see Teixeira et al. 2004) cannot be ignored as the market is reshaping our lives as humans, citizens, and finally as students/faculty (on the failure of Bologna in conceptualizing the role of the market in European – especially Central European – higher education, see Kwiek 2004). Never before has the institution of the university for so long been under the pressures of so many different stakeholders; never before has it been perceived by so many, all over the world, as a failure in meeting the needs of the students and the labor market (the literature on the supply/demand mismatch is substantial, see Brown 2004, Perryman et al. 2003). Therefore the question is which directions higher education systems will be taking while adapting to new social and economic realities, in which the role of the market is growing and the education received by graduates is increasingly linked to their professional and economic future.

Following transformations of all public sector institutions, universities in Europe – traditionally publicly-funded and traditionally specializing in both teaching and research – are under powerful pressures to review their missions in view of permanently coping with austerity in all public sector institutions (see Pierson, 2001) and to compete for financial resources with other public services heavily reliant on the public purse. The consequences for the teaching/research agenda are far-reaching. As Rosemary Deem alarmingly put it recently, “scarce public funding may be also a crucial factor in the unfolding saga about the future role and purposes of universities in respect of teaching and research. Teaching-only universities *per se* (as opposed to higher education institutions in general) do exist in both public- and privately-funded forms in many countries, but at the present time this is not the norm in most of Europe. However, this may not continue to be the case in the future” (Deem 2006: 285). The trend of disconnecting teaching and research in higher education has already started: as Vincent-Lancrin (2006: 12) summarizes his analyses of OECD datasets, “academic research might just become concentrated in a relatively small share of the system while the largest number

of institutions will carry out little research, if any” (which is challenging the traditional Humboldtian principle of the unity of research and teaching, *die Einheit von Forschung und Lehre*, see the German idea of the university in Kwiek 2006a: 81–138 and 2006b).

European higher education systems will be attractive if, amidst the changes, there is still enough space for traditional universities following the above multiple missions: teaching, research, and service to society. The supranational trend (revealing itself in EC, OECD, and World Bank publications) to institutionally engage in the substantial reformulation of their missions is strong, both globally and in European transition countries (e.g. the idea of research to be done only by “flagship” universities in Poland, suggested by the new government in 2008). The European Commission at the moment seems convinced that teaching and research are mutually dependent and reinforce each other. There are signs of hesitations, though, and one of the differences between the Bologna process goals and the Lisbon strategy goals could be that the former is interested in reforming all higher education institutions while the latter is interested in reforming universities which are research-intensive and which can contribute directly (rather than indirectly via the increased qualifications of the European labor force) to European economy’s competitiveness via innovations, patents, and technology transfer (see e.g. EC 2004 on “Science and Technology, the Key to Europe’s Future”).

The distinctiveness (and attractiveness) of European higher education has traditionally been in its ability to combine the two core missions. The Humboldtian tradition in this respect has been surprisingly strong across Europe – but not in other regions, especially not in Latin America, India, China and, generally, in the developing countries which have been expanding their higher education systems rapidly in the last decades and which have been largely teaching-oriented, with research carried out in selected elite institutions only. The tendency of locating research outside of universities, which additionally influences the research/teaching separation, has been particularly strong in Europe and in Anglo-Saxon countries in the last two decades. Both public and private funding for research increasingly goes to the business research and development sector. New products and innovative technologies are most closely related to business research and development. Consequently, the possibility of teaching/research separation at universities (and not only at higher education institutions in general) – as a development threatening the traditional attractiveness of the academic profession to new generations of scholars – is also reinforced by new flows of public and private research funds. The EC’s idea of the goal of “3% of GDP” to be spent on research and development does not assume that increased research funds will go from public sources to public universities; instead, increasingly, private business research funds will go to private research institutions.

EUROPEAN HIGHER EDUCATION IN COMPETITION WITH OTHER REGIONS

By 2020, the role of competition in higher education will grow substantially, and in several dimensions. The world, including the graduate labor market, is becoming extremely competitive. Academic institutions will most probably focus more on the

competitive advantages of their graduates as a substantial part of their missions (and will be ranked accordingly, especially nationally, apart from the research-based global rankings). Strong European higher education will be based on competition (see Huisman and Van der Wende 2004): excellence in research is driven primarily by competition – between individuals, institutions, and countries. As a recent EC report on “frontier research” put it, “the desire to be first to make a major new discovery or a significant advance in theoretical understanding drives researchers to devote themselves single-mindedly and for long hours. Researchers compete with one another all the time – for funds, for new equipment, for the best technicians, to get their publications accepted in the leading journals, and for prizes ... and other recognition-based measures of esteem” (EC 2005b: 35). Competition and cooperation come together, and Europe is currently very strong in both respects.

As a whole, the EU lags behind both the USA and Japan in tertiary attainment and in competitiveness ranking. Relatively few young people in the EU enroll in higher education (which brings an EC analysis to a conclusion that “higher education in Europe is still not an attractive option for a significant part of pupils having completed upper secondary education”, EC 2005b: 11). Also too many enrolled students leave universities in Europe without their degrees – the survival rate in Europe is comparable to that in the USA (66%) but lower than in OECD (70%), in Korea (79%) or in Japan (94%). The active population of the EU has lower levels of higher education attainment than its main competitors – it is 23% for the EU, while twice as much (43%) for Canada, 38% for the USA and 36% for Japan (EC 2005b: 11–13). The Bologna-supported introduction of the BA level of graduation would probably attract more students into higher education, though. The strength of EU systems of education is that they produce a considerably higher number of new PhDs – however they have fewer researchers active in the labor market than the USA. Strong European higher education needs to be able to attract best talents from other parts of the world, be they students, scholars, and researchers. Currently, compared with other world regions, spending on higher education in Europe (EU-25) is relatively low. Total investment in higher education in the EU is about 1.1% of GDP, at similar levels as Japan but below Australia (1.5%), and significantly below Canada (2.5%), the USA (2.7%) and Korea (2.7%). As the EC put it in financial terms, “to close the spending gap on the USA the EU would have to spend an additional 150 billion Euro per year” (EC 2005d: 21). The EU thus needs to improve access to higher education, to increase higher education attainment levels, and to increase total (public and private) investment in higher education. To reach the levels of enrolment in higher education of young people (aged 18–24 years) in the US, European institutions would have to increase enrolment by 50% (i.e. from 25% to 38%). Thus European systems in 2010–2020 are expected to experiment widely with tuition fees, and accompanying loan programs (on fees and loans from an equitable access perspective, see especially Johnstone and Marcucci 2007, Johnstone 2006, Salmi 2006, Salmi and Hauptmann 2006, on CEE countries, see Kwiek 2008a, 2008c).

MEETING CONFLICTING DEMANDS AS A CHALLENGE TO THE ACADEMIC PROFESSION

Massified educational systems (and corresponding an increasingly massified academic profession) unavoidably lead towards various new forms of differentiation, diversification, and stratification. The need for differentiation in quality is stressed by the EC when it states that “mobilising all Europe’s brain power and applying it in the economy and society will require much more diversity than hitherto with respect to target groups, teaching modes, entry and exit points, the mix of disciplines and competencies in curricula, etc” (EC 2005c: 5). Universities in most European countries seem still quite faculty-centered and their responsiveness to student and labor market needs is low (as the OECD notes, most current reforms “aim to improve the responsiveness of universities and government research institutions to social and economic needs”, OECD 2006: 11). But students are increasingly being reconceptualized as “clients” or “customers” of higher education institutions (which is consistent with New Public Management and which is especially evident in the private sector booming in CEE countries). Public institutions in Europe are still in most cases either “Humboldtian” or “pre-Humboldtian”; and only in a few cases called “post-Humboldtian” (see Schimank and Winnes, 2000 for an interesting taxonomy) such as e.g. the UK, Sweden, Norway, or the Netherlands, universities are less faculty-centered and there is no universal link between teaching and research (see Deem 2006: 291). The broadening of the debate of universities with employers, students, parents, and other stakeholders about graduates employability (in order to “enhance trust and confidence in the quality and relevance of institutional engagement”, *Trends V*: 11) can be expected in 2010–2020. The EUA report suggests that employability has grown in importance as a driver of change – in 2007, 67% of institutions considered the concern for employability as “very important” (as opposed to 56% in 2003) (*Trends V*: 35). And employability (despite its inherent vagueness as a concept) is expected to be a key notion in rethinking the attractiveness of European institutions.

European universities will be attractive if they are able to meet the above (and sometimes conflicting) differentiated needs. These needs sometimes seem to run counter to the traditional twentieth-century social expectations from the academic profession in continental Europe, though. Consequently, attractive European higher education systems will have to find a fair balance between expected transformations so that the academic profession is not deprived of its voice. Close relationships with the industry, the responsiveness to the labor market and meeting students’ needs have not been traditionally associated with the core values of the academic profession in continental Europe, perhaps despite verbal declarations of the academic community and despite universities’ mission statements (see large international comparative studies by Boyer et al. 1994, Altbach 2002, Enders 2004). It is unclear to what extent these core values will need to be renegotiated, or are already under renegotiation, in massified higher education systems.

Universities in 2020 will be strong and attractive to the academic profession only if the changes will be fair and balanced. Overburdened, overworked, (relatively) underpaid and frustrated academics will not be able to make European

universities in general strong and attractive. And they will not be useful in the realization of the “more growth/more jobs” Lisbon strategy of making Europe a “knowledge-based economy” (and society). Unfortunately, current trends, both globally and Europe-wide, show the diminishing attractiveness of the academic career, academic workplace and academic remuneration and, consequently, may indicate growing future problems in the retention of best talents in academia in 2010–2020. Attractive higher education systems should be able to offer academics competitive career opportunities. One of the possible options in times of financial austerity (reported for OECD economies in relation to universities already in the 1990s by Gareth Williams, OECD, 1990) might be further differentiation of the sector by 2020, with subsequent targeted research funding and further concentration of research (with the eligibility of selected top institutions only) and possibly flexible salary brackets, depending on national classifications or rankings of higher education institutions, with increased opportunities of academic mobility between them. This is basically the overall philosophy of the Lisbon strategy with reference to universities. For this goal, it would be especially useful if there were various rankings and different – for different quality levels – European accreditation agencies. The widening of the gap in economic status of academics and other professionals needs to be stopped, at least in top national institutions, to avoid further “graying” of the academic profession in 2010–2020 and to make universities a career option for the best talents. It would consequently stop what Alberto Amaral recently called “the gradual proletarianisation of the academic professions – an erosion of their relative class and status advantages” (Amaral 2007: 8).

Differentiated student populations in Europe require also increasingly differentiated institutions, and (possibly, consequently) different types of academics. This may mean the decline of the high social prestige of higher education graduates (counted today in millions) and of the high social prestige of most academics (counted today in hundreds of thousands in major European economies). The universalization of higher education is already having profound impact on the social stratification of academics, especially in those countries where the expansion in enrolments was especially significant (“the conditions of academic work have deteriorated everywhere”, Altbach 2002: 3).

ACADEMIC VALUES, CHANGING RESPONSIBILITIES AND THE FRAGILITY OF THE STATUS QUO (AN EU CONTEXT)

People, traditions, and values matter in higher education. The Bologna Follow-Up Group strategy stresses, “innovations and renewal can, however, only be successful if they build on an awareness of traditions and values” and the process as a whole should “build on Europe’s heritage, values and achievements” (BFUG 2007: 2). The apparently powerful role of values in European higher education systems needs to be maintained as these distinct core values have so far proved a successful “European dimension”. Challenges to both academic values and the organization of academic work in Europe have probably never been so powerful in the last half a century than today. And in 2010–2020, they are bound to intensify. A new general context for universities may be the one in which the social trust in public institutions

can no longer be guaranteed, which is a substantial change of social mood prevailing in postwar Europe, with relatively lavish public funding guaranteed and high social prestige of public universities and of the academic profession taken for granted. The questions to consider would be how to achieve in the European higher education area common academic values – such as critical inquiry, disinterested science, intellectual freedom, a commitment to objective knowledge etc – which are universal values (Scott 2003: 296). Traditional academic values, closely associated with the public service responsibilities of universities and science, Scott argues, “have to come to terms with a new moral context in which the superiority of the public over the private can no longer be taken for granted” (Scott 2003: 299). This new “moral context” has been widely supported by emergent EU social policies, especially social policies advocated in CEE countries, experimenting widely with various forms of privatization of social services (Ferge 2001, Kwiek 2008c). European institutions need to continue its reliance on traditional academic values (especially academic freedom and institutional autonomy) to be strong and attractive.

Higher education in the EU context has been put in a post-national (and distinctly European) perspective in which interests of the EU as a whole and interests of particular EU member states (nation-states) do not have to be the same. The reason for the renewed EU interest in higher education is clearly stated by the Commission: while responsibilities for universities lie essentially at national (or regional) level, the most important challenges are “European, and even international or global” (EC 2003b: 9). The divergence between the organization of universities at the national level and the emergence of challenges which go beyond national frontiers has grown, and will continue to do so in 2010–2020. Thus a shift of balance is necessary, the arguments of the EC go, and the Lisbon agenda in general, combined with the emergence of the European Research Area in particular, provide new grounds for policy work at the European level (see Keeling 2006, Kwiek 2004, 2006b).

The construction of a distinctive European educational policy space – and the introduction of the requisite European educational and research policies – has become part and parcel of EU “revitalization” within the wide cultural, political, and economic Europeanization project (see Lawn 2003). The response to major challenges facing Europe (losing its heritage and identity, losing out economically, giving up on the aspiration of developing its own vision of a desirable future for humanity, giving up the European Social Model etc.) should be, according to a recent influential *Frontier Research: The European Challenge* report published by the EC, through education, knowledge, and innovation:

“The most appropriate response to these challenges is to increase the capacity of Europe to create, absorb, diffuse and exploit scientific and technical knowledge, and that, to this end, education, research and innovation should be placed much higher on the European policy agenda” (EC 2005b: 17).

European higher education systems are expected to be in dialogue with its stakeholders with respect to ongoing and future curricular reform – especially with

respect to its vocational role, but also in its generalist ones. Both OECD and the EU have been supporting very strongly the idea of universities meeting the changing needs of students, employers, the labor market, the industry, and the region. The traditional type of continental university seems currently largely unable, and unwilling, to meet these needs, unless undergoing a radical transformation. In the European Commission's view, universities today face an imperative need to "adapt and adjust" to a series of profound changes Europe has been undergoing (EC 2003b: 6). They must rise to a number of challenges and they can only release their potential by undergoing "the radical changes needed to make the European system a genuine world reference" (EC 2003b: 11). They have to increase and diversify their income in the face of underfunding. The European Commission is suggesting "targeted increases" in public investment in higher education in certain key areas only, and a bigger contribution from the private sector – reminding generally that, to quote the title, "The Success of the Lisbon Strategy Hinges on Urgent Reforms" (EC 2003a: 7). EU and national research and development programs should complement each other and EU-wide priority research facilities will have to be identified – in those cases where resources need to exceed the capacity of individual member states (EC 2007b: 14). The EC views (some form of) restructuring of higher education as necessary, and a much wider idea of European integration applied to the higher education sector (integration via "spill-over", where integration in some economic areas leads to functional pressures to integrate in related areas, in this case in education, as in neo-functionalism in integration theories, see Barkholt 2005: 23), expressed in the ideals of a common European higher education area and common European research area, seems useful. The university's goal is the creation of an area for research where scientific resources are used "to create jobs and increase Europe's competitiveness" (EC 2001: 1). This implies a new discourse on the purpose of higher education in Europe, distant from a traditional one in which the role of external stakeholders other than the state (and other than academics) was limited. The change in discourses and concepts used for the discussion of the future of public universities is a reflection of much wider socio-economic processes which seem to affect the whole public sector in Western economies. In view of the above, the status quo – or the current social and economic *modi operandi* of universities in Western societies – is very fragile: the multi-faceted impacts, trends, and challenges are far-reaching, long-term, and structural in nature.

CONCLUSIONS AND SUMMARY OF POLICY ISSUES

The major policy issues related to the future strength (and attractiveness) of European higher education systems include the following: (i) how to combine the attractiveness of European universities to different stakeholders whose interests in, and expectations from, increasingly differentiated higher education get substantially changed in new social and economic realities; (ii) how to meet the needs of students, the labor market and the economy without fundamentally transforming traditional values and modes of operation common to best European universities today; (iii) how to combine the (necessary) restructuring of higher education systems towards meeting

new needs epitomized in “more growth/more jobs” Lisbon strategy with the traditional values associated with academic teaching and research; (iv) how to attract the best talent to academia amidst the deteriorating job satisfaction and changing working conditions of the academic profession; (v) how to view the traditional unity of academic teaching and research in universities in the context of the prioritization of research areas and the concentration of research funding, and more targeted and more competitive research funding expected and in which types of institutions the traditional combination of teaching and research is still fundable; (vi) what is the wider impact of changing public and political views (increasingly regarding the university as private good) on the future of cost-sharing (student fees) and academic entrepreneurship in research funding; (vii) how governments can cope with growing differentiation of both student populations, institutions and their educational offers, and finally of the academic profession itself; (viii) to what extent higher education policies in Europe are becoming part and parcel of much wider social (political, ideological, and philosophical) welfare state policies and public sector policies, and how the uniqueness of the university sector *vis-à-vis* other public services could still be maintained in the future; (ix) to what extent the impact of globalization and demographics on policy thinking about other public services (healthcare, pensions) will change policy thinking about higher education, especially in terms of funding and governance structures; and (x) how can the “European dimension” be saved as part of the attractiveness of European higher education to other regions of the world in the context of market-related changes to universities worldwide which are global in nature, similar in kind, and not specific to Europe?

The most general, structural policy issues with regard to public universities (as presented in the EC, OECD, and World Bank documents of the last decade, especially regarding funding) do not seem substantially different from structural policy issues discussed with reference to other segments of the public sector. The major difference – namely, the widely acknowledged fact that universities have much wider options to diversify their income – may lead to viewing universities as even more financially self-reliant than before, and potentially being much more open to new funding patterns. The policy challenge at national levels is to what extent particular countries are willing and able to accept global thinking about the future of public sector institutions in general (and of public universities in particular), and to what extent responses to this new way of thinking can vary between the countries. Surprisingly, the worldwide reform agenda for universities in the 1990s, as observed by Bruce Johnstone, was remarkably consistent: there were “very similar patterns in countries with dissimilar political-economic systems and higher educational traditions, and at extremely dissimilar stages of industrial and technological development” (Johnstone 1998: 1). Historically, and based especially on the US experience, we know that budget cuts in higher education in harsh times have always been disproportionately higher than in other public services, and that, from a longer perspective, “a constant element of the history of the universities, and certainly in the Middle Ages and early modern times, is the lack of financial resources. ... there is no doubt that many institutions were hardly able to function decently, and always lived, as it were, below the breadline” (de

Ridder-Symoens, 1996, pp. 183–184). New policy contexts in which state-subsidized public universities will operate are in the making; therefore being conclusive in a world that is changing faster than ever before, and in which the role of contingent events grows, is difficult – constructing future scenarios for higher education is a very risky business.

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The European Higher Education Area: Perspectives on a Moving Target

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